composition schemes, charging tax at lower rates, but without giving Input Tax Credit (ITC). In Haryana also, VAT is being charge @12.5%. Regarding levy of Service Tax, it is stated that providing of any service by an "outdoor caterer", *i.e.*, a caterer providing service outside his own place, is a taxable service, leviable to Service Tax @10% of the gross amount charged. In addition, education cess @2% of Service Tax is payable. However, when the outdoor caterer also provides food along with service, 50% of the gross amount charged is exempted from levy of service tax. At present, there is no proposal under consideration for exemption of the above taxes.

Transition to single tax rate regime

2179. SHRI R.P. GOENKA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that recently some fresh initiatives have been taken to move towards aligning the Goods and Services Tax (GST) with a single rate, in view of the growing globalization of the economy; and

(b) if so, the details thereof and the road map drawn for transition to the single rate regime?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) Presently, an integrated Goods and Services Tax (GST) does not exist in India. As per the provisions of the Constitution, the Central Government is empowered to levy tax on manufacture of goods (CENVAT), whereas the State Governments have the powers to levy tax on purchase or sale of goods within a State (State Sales Tax/VAT). Tax on inter-State sale of goods is levied by the Central Government in the form of Central Sales Tax (CST), but the same is collected and appropriated by the States concerned. Tax on Services is levied and collected by the Central Government, but the same is shared with the States, except for few specified services for which the States have powers to levy tax. Over last few years, both the Central as well as State Governments have been making efforts to reduce the number of tax rates in respect of taxes under their respective domain, as part of the tax reform process. However, integration of all the Central and States taxes into a single GST would require a Constitutional

amendment. Moreover, a number of other issues would require to be settled in consultation with the States, before any effective move can be made towards an integrated GST with single rate regime. Thus, there is no prospect of implementation of a single rate GST regime in the immediate future.

Assessment of performance of State revenues

2180. SHRI R.P. GOENKA: Will the Minister of FINANCE be pleased to state:

(a) whether any fresh evaluation has been made to assess the performance of State revenues during the first six months of the recently implemented State VAT regime;

(b) if so, the details thereof;

(c) whether it is a fact that some of the States have still not joined the VAT regime; and

(d) if so, the details thereof and efforts being made to persuade the remaining States also to join the VAT system so that the unscrupulous elements do not exploit the difference in tax regime between States?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) During first six months of implementation of State VAT regime, the tax revenues of the VAT implementing States having shown an overall increase of around 14.3% as compared to the corresponding period of last year, which is higher than the compound annual growth rate of tax revenues of these States for the last 5-year period. This is based on the provisional figures of tax revenues made available by the States.

(c) and (d) 9 States/Union Territories are yet to implement VAT. These are Uttar Pradesh, Tamilnadu, Rajasthan, Gujarat, Madhya Pradesh, Chhattisgarh, Jharkhand, Pondicherry and Chandigarh. Since State Sales Tax/VAT is a State subject under Entry 54 of the State List of the Constitution of India, it is for the States to take a decision in this regard. The Empowered Committee of State Finance Ministers (EC) is also seized of the matter. The Central Government is playing the role of facilitator in this important tax reform process.